

Entrepreneurship

Unit 3.3: The 4 Components of the Marketing Mix

Student: _____ Date: _____ Period: _____

1. The Marketing Mix (Also known as _____)

- _____ Answers: _____
- _____ Answers: _____
- _____ Answers: _____
- _____ Answers: _____

2. Products/Services

① _____ Example: _____

② _____

- **Categories:** _____
- **Cereal:** _____

3. Define Inventory Methods: _____

- Tracking inventory on a daily basis as it arrives or is sold is called: _____
Computers allow “accurate” and up-to-date information.
- **Physical Inventory:** Mistakes can be made, items are stolen or lost. Conducting a physical count of inventory is a good idea and should be done periodically to get _____
- Suppliers ship inventory just before it’s used to keep stock at a minimum is called:

4. Pricing Strategies

You’re in business to _____. Know which pricing strategies to utilize.

Pricing Strategies

- ✓ _____
- ✓ _____
- ✓ _____

Psychological Pricing

- ✓ _____
- ✓ _____
- ✓ _____

5. Cost-based Pricing Method

- Utilizes Cost + Mark-up (\$ *-or-* %)

_____ + _____ = _____

\$500 sofa + \$300 MU = \$800

Method best used for:

$$\begin{array}{rcl} \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \\ \$50 \text{ muffler} & + & 60\% \text{MU} = \$80 \\ \$50 \times .60 & = & \$30 \\ \$50 + \$30 & = & \$80 \end{array}$$

Method best used if: _____

6. Competition-based Pricing Method

Lower or raise price of products/services based on: _____

- If Burger King offers Whopper for _____, McDonalds changes price of Big Mac to _____
- Retailers employ people whose job is to _____, so they can stay in-line or offer lower prices.
 — Some retailers will offer _____

7. Demand-based Pricing Method

Price is raised or lowered based on _____

Give Example: _____

8. Psychological Pricing Methods

- ① _____: Denotes status
- ② _____: Odd numbers suggest bargains (\$19.99); Even numbers suggest higher quality (\$20).
- ③ _____: Pricing items in low, moderate, and high-priced categories.
- ④ _____: Lower prices offered for a limited time to stimulate sales
- ⑤ _____: Items priced in multiples to suggest a bargain and to increase volume sales (3 for \$1)
- ⑥ _____: Bundling several **complementary products** together and selling them for a lower combined-price

9. What are Discount Pricing Methods? _____

① Cash discounts: _____

Example: (2/10, n/30) A 2% cash discount if invoice paid in 10 days. Otherwise, entire amount is due within 30 days of invoice date.

Write the terms for a 3% cash discount given if the bill is paid in 15 days. Full amount is due within 30 days of invoice date.

② Quantity discounts: _____

1-1,000 units = \$_____ each

1,001-5,000 units = \$_____ each

5,001 + units = \$_____ each

③ Trade discounts: _____

④ Promotional discounts: _____

⑤ Seasonal discounts: _____

10. What is Credit? _____

- What risks do Retailers take if they allow customers to Buy “On Account?”
- What is the disadvantage of allowing customers to use credit cards to make purchases?

11. What is the “Channel of Distribution?”

12. Types of Channels

-
-

Why would you use an indirect channel of distribution?

13. Channels of Distribution includes:

-
-
-

14. What are the 4 areas of the Promotional Mix?

- ① Advertising: _____
- ② Publicity: _____
- ③ Personal Selling: _____
- ④ Promotions: _____

15. List 4 Advertising Methods (and provide examples):

- ✓
- ✓
- ✓
- ✓

16. List 4 Publicity Methods:

- ✓
- ✓
- ✓
- ✓

17. What is Public Relations:

18. Name a company that utilizes Personal Selling

19. Give examples of how businesses can promote themselves:

- | | |
|---------|---|
| ✓ _____ | ✓ |
| ✓ | ✓ |
| ✓ | ✓ |
| ✓ | |
| ✓ | |